

Exhibit 8

1 UNITED STATES DISTRICT COURT
2 FOR THE SOUTHERN DISTRICT OF NEW YORK

3 GOVERNMENT OF THE UNITED)
4 STATES VIRGIN ISLANDS,)

5 Plaintiff,)
6 vs.) 1:22-cv-10904-JSR

7 JPMORGAN CHASE BANK, N.A.,)

8 Defendant/Third-)
9 Party Plaintiff.)

10 JPMORGAN CHASE BANK, N.A.,)

11 Third-Party)
12 Plaintiff,)

13 vs.)

14 JAMES EDWARD STALEY,)

15 Third-Party)
16 Defendant.)

17 THURSDAY, JULY 6, 2023
18 CONFIDENTIAL - PURSUANT TO PROTECTIVE ORDER

19 - - -

20 Remote Videotaped Deposition of CARLYN IRWIN,
21 taken pursuant to notice and conducted at the location of
22 the witness in the State of California, commencing at
23 9:01 a.m., Pacific Time, on the above date, before Jennifer
24 A. Dunn, Registered Merit Reporter, Certified Realtime
25 Reporter, California, Illinois & Texas Certified Shorthand
Reporter, and Missouri Certified Court Reporter.

26 - - -

27 GOLKOW LITIGATION SERVICES
28 P: 877.370.3377 | F: 917.591.5672
29 deps@golkow.com

1 Q Prior to working on this case, had you ever
2 visited the Virgin Islands?

3 A I've been to St. John.

4 Q When were you in St. John?

5 A It was part of a cruise. I'm going to date
6 myself. 1998.

7 Q That's not dating yourself too bad.

8 Did you visit the Virgin Islands in connection
9 with your work on this case?

10 A I did not.

11 Q Okay. Prior to working on this case, had any of
12 your expert work involved the Virgin Islands?

13 A I don't believe so.

14 Q Prior to working on this case, had you performed
15 any work involving tax benefits awarded by the Virgin
16 Islands Government?

17 A No.

18 Q Prior to working on this case, had you performed
19 any work involving tax benefits awarded by any other U.S.
20 territory?

21 A No.

22 Q Before working on this case, did you have any
23 familiarity with the tax benefits that are addressed in your
24 report?

25 A No.

1 our partners was involved with.

2 So there were always, you know, one-off things
3 that we were being asked to do in addition to our litigation
4 casework.

5 And when I say "litigation," that also includes
6 some bankruptcy work. It was kind of both -- both sides of
7 that were included in that department.

8 Q So during your time at PricewaterhouseCoopers,
9 what percentage of your time would you say was spent on
10 litigation work as opposed to those other tasks?

11 A Over eight and a half years, probably 85 percent
12 of my time was in litigation.

13 Q Did any of your work at PricewaterhouseCoopers
14 involve human trafficking?

15 A No.

16 Q Have you ever worked for a governmental entity or
17 agency?

18 A I've worked -- in my casework, I've worked on
19 behalf of government agencies like the SEC, but I've never
20 worked for.

21 Q Okay. You've never been an employee of a
22 governmental entity or agency?

23 A Correct.

24 Q You have done litigation consulting or expert
25 opinions for the SEC; is that -- is that correct?

1 A Yes. That's disclosed in my -- in my CV.

2 Q Have you done litigation work for any other
3 governmental entity or agency other than the SEC?

4 A Not that I can think of.

5 Q Have you ever worked for the Government of the
6 Virgin Islands?

7 A No.

8 Q Have you ever worked for a tax authority?

9 A No.

10 Q Have you ever done any litigation work or
11 consulting for a tax authority?

12 A No.

13 Q So in your opinions, when you say you're relying
14 on your experience, you're not relying on any experience
15 gained as a government employee; is that right?

16 A That's correct.

17 Q And you're not relying on someone else's
18 experience as a government employee, correct?

19 A That's correct.

20 Q You're not relying on any experience you gained
21 working for the Virgin Islands or another tax authority,
22 correct?

23 A Correct.

24 Q And you're not relying on someone else's
25 experience in those roles, correct?

1 A That's right.

2 MR. ACKERMAN: We've been going about an
3 hour. Why don't we take a quick break.

4 THE VIDEOGRAPHER: Off the record, 10:09 a.m.

5 (Off the record at 10:09 a.m.)

6 THE VIDEOGRAPHER: On record, 10:21 a.m.

7 BY MR. ACKERMAN:

8 Q All right. We're back on the record, Ms. Irwin.
9 I think we were talking about your CV. And you've got a
10 large section entitled: "Testimony Experience."

11 Do you see that?

12 A Yes.

13 Q All right. How many cases do you work on in a
14 given year?

15 A Gosh. It depends.

16 I would say at any given point in time I have at
17 least three active cases meeting on a weekly basis I'm
18 working on them.

19 At some points in time, it's as many as 10 active
20 cases. So it's hard to say over the course of the year how
21 many cases I work on.

22 I also could work on a case in -- starting five
23 years before I actually testify. I have at least one of
24 those on my -- on my resumé.

25 So that particular case lasted more than 10 years,

1 MR. O'LAUGHLIN: Objection to the extent it
2 calls for a legal conclusion.

3 THE WITNESS: Yes. I'm certainly not here to
4 opine about any legal issues.

5 What I am aware that Ms. Bess described the
6 certificate -- the granting of the certificate as a,
7 quote, contract, but, of course, that's not a legal
8 interpretation.

9 BY MR. ACKERMAN:

10 Q Are you aware of whether there's any statute or
11 regulation that specifies whether tax incentives are
12 contractual in nature?

13 MR. O'LAUGHLIN: Objection to the extent it
14 calls for a legal conclusion.

15 THE WITNESS: I'm not aware one way or the
16 other.

17 BY MR. ACKERMAN:

18 Q Would you agree that the Economic Development
19 Commission exercises discretion in granting benefits?

20 A I agree that they apply discretion in their
21 recommendations to either approve or deny tax incentives.

22 Again, I think technically how it works is the
23 governor ultimately approves it.

24 Q Is the grant of benefits by -- or is the grant of
25 benefits by the Virgin Islands Government automatic if

1 certain criteria are met?

2 A Not that I'm aware of.

3 Q Would you agree that the Economic Development
4 Commission exercises judgment in deciding whether or not to
5 award or recommend tax benefits?

6 A I would say that that is one of the things. They
7 do exercise judgment, as well as establish -- gather facts
8 about companies that apply for the tax benefits.

9 Q Does the Economic Development Commission have to
10 determine what is in the public interest in connection with
11 its responsibilities?

12 A I'm aware that it -- what's best for the public
13 interest is part of what is discussed and even articulated
14 in an application, and then what is discussed by the EDC in
15 the granting of and extending a tax incentive benefits and,
16 of course, the basis of that statement is limited to my
17 review of EDC minutes solely for Financial Trust and
18 Southern Trust, because the minutes with respect to other
19 companies was not provided by the USVI, so those were not
20 available to me.

21 Q Are you aware whether there's a statute that
22 states that the EDC should determine whether a grant of
23 benefits is in the public interest?

24 A I'm not aware one way or the other.

25 Q Did you look for a statute like that?

1 spent in the Virgin Islands. Designated charitable
2 deductions are sometimes like -- well, I know for Financial
3 Trust and Southern Trust, there were certain financial
4 obligations for charitable deductions -- charitable
5 donations, that was required by those companies.

6 So those are the aspects of the program that I
7 know are discussed. Whether there is a checklist or some
8 sort of document, procedural document that lays that all
9 out, I don't know.

10 Q Okay. Let's look at -- in your report, page 2.
11 Your "Summary of Conclusions."

12 A Yes.

13 Q It's actually -- it's numbered page 1 of your
14 report. It's -- I don't know why I wrote page 2 in my
15 outline because it's not page 2.

16 I thought maybe it was page 2 of the PDF, but it's
17 not even that.

18 So let's go to page 1 of your report, the Summary
19 of Conclusions, and this section sets forth the summary of
20 your opinions in this case, correct?

21 A Yes.

22 Q Okay. So let's look at paragraph 3, which reads:
23 "The cost of those tax breaks to USVI dwarfed any economic
24 benefits the territory received in return."

25 Did I read that correctly?

1 A You did.

2 Q Okay. In terms of calculating, or did you --
3 strike that.

4 Did you perform any independent analysis to
5 determine the economic benefits that the territory received
6 in return for tax benefits granted to Mr. Epstein's
7 companies?

8 A I relied on the data that was produced in this
9 litigation by the U.S. Virgin Islands. That's the data I
10 relied upon.

11 Q The data you relied upon are the cost-benefit
12 ratios, correct?

13 A Correct.

14 Q Okay. Is there any other data that you relied
15 upon in calculating the economic benefits that the territory
16 received in return for tax benefits granted to Mr. Epstein's
17 companies?

18 A No. It was solely based on the data provided by
19 USVI in discovery in this matter.

20 Q And when you say: "Data provided by USVI," you're
21 referring only to the cost-benefit ratios, correct?

22 A I'm referring to the Excel spreadsheets that laid
23 out various categories of benefits that went to the island
24 in terms of employment, expenses, taxes, et cetera.

25 Q Okay. And if you look at your Appendix B, those

1 Excel spreadsheets are listed under the heading "EDC
2 Cost/Benefit Analyses," right?

3 A Yes. Those are -- I believe all of those are
4 Excel spreadsheets that were produced in this matter.

5 Q Okay. Thank you.

6 What is your understanding of what the EDC's
7 cost-benefit ratio is?

8 Gina, we can take the document down for a bit.

9 A My understanding is that the cost is the tax
10 benefits that are granted to the participant, meaning the
11 voided taxes, the foregone taxes by the U.S. Virgin Islands.

12 And the benefit is the financial resources spent
13 on the island either through employment, the purchasing of
14 goods and services, capital expenditures, building, things
15 of that nature. I believe charitable deductions --
16 charitable donations are also included.

17 Q Do you know how the cost-benefit ratio was
18 developed?

19 A I do not. But I do know that the ratio itself
20 that's provided in these Excel files, the formula was
21 applied inconsistently over -- from year to year.

22 So meaning for a period of years it was
23 calculated, including something in the denominator, and then
24 another year it was calculated excluding something from the
25 denominator and it fluctuated back and forth, but other

1 than -- other than that observation, I don't know.

2 Q Do you know whether that cost-benefit ratio
3 changed over time in terms of how it was calculated?

4 A So again, as I -- as I just said, it did -- it
5 apparently changed over time because -- and I can see --
6 because when we -- when we did a detailed analysis of the
7 ratios that were calculated, there -- and sometimes all of
8 the denominator included all of the various components, and
9 then in other years those components were excluded.

10 So let me give you an example. The one I pulled
11 up is not the one I want.

12 Q Are you pulling up documents as we're talking or
13 is it just your expert report?

14 A I am, and I will definitely point you to it so
15 that we can -- it will be on the record as to what I'm
16 looking at.

17 Q Okay. Well, let's just talk -- let's just talk
18 about your expert report for right now.

19 A Okay.

20 Q So when you said you did a detailed analysis, you
21 just described a detailed analysis of the ratios that were
22 calculated. What is that?

23 A So, in each year that we were provided the Excel
24 spreadsheets calculating the cost-benefit ratios, we could
25 see in the formulas what data was being pulled and included

1 in that calculation.

2 In some years -- well, over the years, components
3 that were pulled into the denominator, meaning the benefit
4 received, sometimes it included all the aspects of -- of
5 benefits that flowed back to the islands, and in other years
6 the denominator excluded something.

7 And I'm not sure if that was an error or that was
8 a policy change by the EDC in how they wanted to measure
9 their -- measure the actual benefits.

10 Q Okay. So you -- sorry.

11 A It just appeared to us, based on our detailed
12 review, that the method of the calculation changed year over
13 year. Not every year, but it fluctuated back and forth.

14 And that's all I can observe. I don't know
15 whether it was policy change or it was a -- it was
16 intentional or if it was in error.

17 Q When you said "the detailed analysis."

18 Did you create some -- some document or work paper
19 tracking the difference in the cost-benefit ratio?

20 A Yes. That's reflected in Table 2. Sorry. Not
21 Table 2.

22 There's a table in my report. I don't know which
23 page it's on, but that -- that is a summary of the data that
24 we extracted from the Excel files for Financial Trust and
25 Southern Trust.

1 A Correct. They could differ.

2 For example, I don't know which year it is, but
3 what's in table -- the table on page 22, are the ratios that
4 were articulated or observed in the EDC's Excel files.

5 Q Okay.

6 A Regardless of how they were calculated. And then
7 when we performed my analysis of the -- in the discussion
8 section of my report on -- on the various statistics, we
9 included, even if the EDC's formula that year excluded, say,
10 charitable donations, as in the denominator, we included it
11 in our recalculation.

12 So they could differ a little bit based on --
13 based on that, but that's fully disclosed in my report.

14 Q Okay. Are you offering any opinion as to whether
15 the cost-benefit ratios used by the EDC are accurate?

16 A Accurate in what sense?

17 Q Well, are you offering any opinion as to whether
18 those formulas used by the EDC are an appropriate measure of
19 the benefit to the Government of the Virgin Islands?

20 A I'm -- no. I am looking to the EDC and its own
21 definition of that -- of that metric.

22 Q Okay. Do you know whether the EDC only looks at
23 the formulas or whether the EDC considers other factors as
24 well?

25 A I know in the meeting minutes they consider

1 paragraph 28, sub D, on page 11, that calculation, and the
2 same would be true for 2000, 2001.

3 What we are reporting here -- what I am reporting
4 here is -- could be the same that's included in the table --
5 in the table on page 22, but we recalculated these numbers,
6 including all of the benefits that were identified in the
7 Excel spreadsheet.

8 The data, the calculation that was done and showed
9 to the EDC, may have left off a piece in the denominator.

10 Q So can you cite me in this section a year where
11 you are using your own independent calculation and not the
12 EDC's calculation?

13 A Well, it wasn't -- I wouldn't characterize it as
14 my own independent. It was -- we utilized the same formula
15 that the EDC utilized.

16 So, let's see if I can -- I will certainly point
17 you to where I'm -- I'm not seeing one that's jumping out at
18 me.

19 So an example would be in paragraph 52 on page 19.

20 Q Okay.

21 A In talking about 2013 for Southern Trust, when we
22 utilized the calculation that included employment, taxes and
23 procurement, we calculated a ratio of 1 to 0.14, whereas in
24 the information that was presented to the EDC, in its Excel
25 spreadsheet was .01.

1 correct?

2 A That's correct. That was -- that's one of the --
3 one of the instances.

4 Q So what I'm trying to find out is, is your opinion
5 that the EDC failed to ask further questions at that hearing
6 or thereafter, or is your opinion that the EDC failed to ask
7 questions during the 10-year tenure of the original grant of
8 tax benefits?

9 A I think both.

10 Q Okay.

11 A So the EDC grants the benefits in 2019 -- '99,
12 sorry, 1999.

13 And the very first year the ratio comes back at
14 .04. And there was no follow-up, why is this so low?

15 Then again, the next year it's now .29. Again,
16 why is this so low?

17 So it's the -- I'm not aware of anything the EDC
18 did, with respect to Financial Trust or Southern Trust, in
19 response to these unfavorable cost-benefit calculations.

20 Q Does the EDC have statutory authority to
21 renegotiate tax benefits based upon a low cost-benefit
22 ratio?

23 MR. O'LAUGHLIN: Objection. Calls for legal
24 conclusion.

25 MR. ACKERMAN: She's opining about the

1 available to USVI via the EDC, or through the EDC program.

2 There were facts about Southern Trust that the EDC
3 could have obtained compared to what was expected. And that
4 was uniquely available to the EDC.

5 Q So your challenge is to the EDC's failure to
6 follow-up; is that accurate?

7 A Correct.

8 Q Okay.

9 A As well as -- well, specifically in this sentence,
10 it's rebutting the notion that USVI's claiming that Southern
11 Trust was not a legitimate company, but the EDC had the
12 ability to follow up with Southern Trust to test whether or
13 not it was a legitimate company and compared to its
14 application, the financial results are -- could indicate a
15 potential problem.

16 Q You keep saying "the EDC had the ability to
17 follow-up with Southern Trust."

18 The EDC had the ability to perform compliance
19 reviews, correct?

20 A Correct.

21 Q Is there anything else the EDC had the ability to
22 do, in your opinion?

23 A It's not an opinion. I'm not aware of anything
24 else. I'm aware that they had the ability to conduct
25 compliance reviews.

1 term, "without any clear economic basis," that's based on
2 the cost-benefit ratios that we discussed earlier, correct?

3 A Correct.

4 Q Is that -- is that based on any other evaluation
5 that you performed?

6 A I think part of it might also be the noncompliance
7 with charitable donations. But that's the only other thing
8 I can think of.

9 Q Okay. And then further down in the paragraph, you
10 note -- I'll just read the whole thing.

11 So it says: "The extending of benefits without
12 any clear economic basis and without USVI asking the
13 appropriate questions to develop a basis for extending them
14 suggests there is some other reason why Mr. Epstein was
15 given \$300 million in tax incentives by USVI and is
16 consistent with the possibility that these benefits were
17 granted as part of an improper quid pro quo exchange between
18 Mr. Epstein and USVI officials."

19 Did I read that correctly?

20 A You did.

21 Q Okay. Are you opining that there was an improper
22 quid pro quo between the USVI and Mr. Epstein?

23 A No. As a CFE, a certified fraud examiner, my
24 understanding is that would be a legal conclusion and is
25 left up to the trier of fact.

1 BY MR. ACKERMAN:

2 Q Then if you go to paragraph G. There's a next one
3 down.

4 It says: "Assess the work done by IDC, EDC, in
5 connection with evaluating, extending benefits to, and
6 monitoring of, Mr. Epstein's companies."

7 Did I read that correctly?

8 A You did.

9 Q And is that part of your assignment in this case?

10 A Yes.

11 Q Okay. So would you agree that you're basically
12 evaluating EDC's work to see if you agreed with their --
13 with their -- with their methodology and their decisions?

14 MR. O'LAUGHLIN: Objection.

15 THE WITNESS: I would say I'm assessing the
16 work that they performed relative to their own
17 benchmarks and standards.

18 So I'm not -- I'm not an expert in their
19 jobs. I'm merely comparing and assessing what they did
20 relative to their own -- their own goals and their own
21 objectives.

22 BY MR. ACKERMAN:

23 Q Were you determining whether EDC did anything
24 illegal?

25 A No.

1 of Southern Trust's application for tax benefits?

2 A Except the EDC granted the tax benefits in spite
3 of Financial Trust's poor performance, and a history of an
4 application's projections being not -- being off by a
5 magnitude of 10.

6 Q So are you opining that they should not have
7 granted the benefits of the application?

8 A No. I think I said I'm not opining on whether or
9 not they should have. I'm simply saying as part of my
10 review, I'm observing that they did, in spite of these other
11 factors that I discussed.

12 Q So you're not opining on whether they should have
13 granted the certificate. You're just criticizing their
14 decision to do so?

15 MR. O'LAUGHLIN: Objection. Misstates
16 testimony.

17 THE WITNESS: I'm pointing to the decision as
18 part of my overall opinion regarding the potential
19 other factors that went into the EDC's decision to
20 extend benefits. So it's -- it's one -- it's one of
21 the supporting observations for my overall conclusion.

22 BY MR. ACKERMAN:

23 Q And your overall conclusion, again, is that there
24 is a possibility that other factors went into the EDC's
25 decision to extend benefits, right?

1 A Correct.

2 Q And you don't know what those other factors were,
3 correct?

4 A I know that, as I state in my report, I'm aware of
5 payments that benefited politicians, that benefited
6 officials, and that those could be another factor, but I
7 don't know the universe of potential factors.

8 Q You don't know whether those payments affected the
9 decision, correct?

10 A I don't.

11 Q You stated it might -- it's possible, but you
12 don't know one way or the other, right?

13 A It's possible. A fraud examiner is not allowed to
14 testify about intent.

15 A fraud examiner simply -- and in this case I
16 didn't conduct a fraud investigation, that's not my --
17 that's not the role, you really can't do that in litigation,
18 but it's -- as I stated, my review of the record has given
19 me, you know, I've made several observations that suggest
20 there could be other reasons beyond the benefit to the USVI
21 as to why these benefits were extended over a 20-year
22 period.

23 Q You said you didn't conduct a fraud investigation.
24 What do you mean by that?

25 A So a fraud investigation, as defined by the

1 Association of Certified Fraud Examiners, is an entirely
2 different project. It is someone that a company suspects
3 some sort of wrongdoing, whether it's an issue with the
4 financial reporting or whether it's a misappropriation of
5 assets, et cetera.

6 And then a fraud examiner would, once
7 understanding what the allegations are, what the concerns
8 are, would design a work plan to investigate those
9 allegations, document them, conduct interviews of
10 stakeholders and people who are involved in that aspect of
11 the business, and would ultimately, if -- if there was found
12 to be financial impact, quantify that to the best of that
13 their ability and then issue a report.

14 The report would -- typically goes back to, you
15 know, the audit committee of the company or the risk
16 management arm of the company, and then they decide what to
17 do with it from there.

18 So that's an entirely different exercise.

19 Q Okay. And then that's not what you did here,
20 right?

21 A No. It's -- in my -- I'm unaware of any
22 litigation where a fraud examiner could actually conduct a
23 fraud investigation because it would require access, open
24 access to underlying financial records.

25 It would require open access to witnesses outside

1 the context of a deposition, that type of thing.

2 Q Okay. Let's go to paragraph 67.

3 The first line of that reads: "USVI's EDC did not
4 properly evaluate Mr. Epstein's applications for benefits,"
5 right, and it goes on: "And failed to ask him even the most
6 basic questions based on information that was uniquely
7 available to it about his companies."

8 So is it correct here that you are criticizing the
9 EDC's evaluation of Mr. Epstein's applications?

10 A I'm pointing out that there were inconsistencies
11 in the public hearing testimony that were not resolved.
12 That basically should have raised some sort of questions and
13 follow-up.

14 And moreover, when extending the benefits in 2009,
15 you know, there was discussion about concerns, dangerous
16 precedents, and based on my review of the record, none of
17 that was resolved before extending that application. Excuse
18 me, extending that certificate.

19 Q Did the same people who expressed those concerns
20 vote on the extension of the application?

21 A Well, it was one month later after expressing
22 those concerns. I would presume at least some of the same
23 people were voting.

24 I'm not aware that the EDC's membership or
25 committee completely turned over in a month between April